

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

0 1 — 0 1 1

2. STATE:

CO

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL
SECURITY ACT (MEDICAID)

4. PROPOSED EFFECTIVE DATE

July 1, 2001

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42 CFR 447.302

7. FEDERAL BUDGET IMPACT:

a. FFY 2001 \$ -(\$2,000,000)

b. FFY 2002 \$ -(\$2,400,000)

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19B, Page 2C

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):

Attachment 4.19B, Page 2C

10. SUBJECT OF AMENDMENT:

Change the language, Average Wholesale Price discount, and dispensing fee for
Pharmaceutical Services

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT

☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED:

As per Governor's letter dated 12-14-94

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

Richard C. Allen

14. TITLE: Director,
Office of Medical Assistance

15. DATE SUBMITTED:

September 13, 2001

16. RETURN TO:

Colorado Department of Health Care Policy &
Financing
1575 Sherman
Denver, Colorado 80203-1714

Attention: Karen Snell

FOR REGIONAL OFFICE USE ONLY

DATE RECEIVED

DATE APPROVED

PLAN APPROVED BY

EFFECTIVE DATE OF APPROVED MATERIAL

DATE OF SIGNATURE OF REGIONAL OFFICIAL

TYPED NAME

TITLE

REMARKS

TITLE XIX OF SOCIAL SECURITY ACT
DIVISION OF MEDICAL ASSISTANCE

Attachment 4.19-B

Page 2 C

State of Colorado

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES-OTHER TYPES OF CARE

Pharmaceutical Services:

Reimbursement shall be based upon the lower of usual and customary charges to the public or drug ingredient cost plus a designated dispensing fee.

A. Ingredient cost shall be defined as the lowest of the following:

Modified average wholesale price shall be defined as the average wholesale price less 11.00%. The average wholesale price will be determined by the Department from information supplied by First Data Bank and placed in a drug -pricing file as follows:

1. By subtracting 11.00% from the average wholesale price as determined by the Department.
2. If the average wholesale price cannot be determined by the Department, then the distributors' or manufacturers' prices will be used to estimate average wholesale price to be modified and used in the drug-pricing file as the price of the drug.

The following pricing methodologies are used, noting that the pricing methodology resulting in the lowest price will be used:

1. Average wholesale price (AWP) minus 11%
2. Direct price plus 18%
3. State M.A.C., pharmacy acquisition cost of generic drugs available in the state market place plus 18%.
4. Federal Upper Limit (FUL)

B. Dispensing fees are established by the state upon consideration to costs shown on periodic operation surveys, in-house studies of dispensing costs, national and regional data, and/or economic trends and conditions.

The current dispensing fee is \$4.00 for retail pharmacies and \$1.89 for institutional pharmacies.

Approval Date 11/23/01 Effective 07/01/01

TN No. 01-011

Supersedes \

TN No. 90-03